



DEPARTMENT OF GAME AND INLAND FISHERIES

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2015

Auditor of Public Accounts
Martha S. Mavredes, CPA

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AUDIT SUMMARY

Our audit of the Department of Game and Inland Fisheries (DGIF) for the fiscal year ended June 30, 2015, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System, except as noted in the finding entitled “Improve Internal Controls over Recording and Reviewing Transactions;”
- matters involving internal control and its operation necessary to bring to management’s attention;
- instances of noncompliance with applicable laws and regulations or other matters that are required to be reported; and,
- certain items that were previously reported, for which DGIF has not implemented adequate corrective action.

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AUDIT FINDINGS AND RECOMMENDATIONS

Improve Internal Controls over Recording and Reviewing Transactions (Repeat)

DGIF made several recording errors and did not discover these errors during various reviews, understating the year-end revenue and expense balances.

Errors made include:

- The Accounting Department made a bond payment of \$645,000 to the Department of Treasury in March 2015 reducing revenues instead of increasing expenses. This payment understates total revenues and expenses by \$645,000.
- In December 2014 and January 2015, the Accounting Department improperly sent \$163,056 and \$26,944, respectively, to the federal government out of a revenue clearing account for proceeds received for the sale of duck stamps. DGIF sells duck stamps for the federal government. When DGIF sends these funds to the federal government, they should decrease revenue to reflect DGIF's actual revenue at year end. The Accounting Department properly recorded the proceeds for the stamps in a revenue source used to collect an assortment of game, fish, and other permits, not the revenue clearing account. Combined, these errors understate the clearing account and overstate the assorted permits revenue by \$190,000. Because the Accounting Department made the original \$26,944 duck stamp payment to the federal government out of the wrong revenue source, in May 2015 the Accounting Department thought they had not made the payment and processed a duplicate payment from the assorted permits revenue source. The federal government identified the duplicate payment and returned the funds to DGIF before they realized the error. Even though the Accounting Department received the refund during fiscal year 2015, they did not deposit the check until fiscal year 2016. The Accounting Department improperly recorded the refund as fiscal year 2016 revenue, instead of as a reduction against the prior year fund balance as instructed in the prior year revenue finding. This duplicate payment leaves an understatement of revenue for fiscal year 2015 and an overstatement of revenue for fiscal year 2016, if not corrected.
- In September 2014, the Accounting Department improperly paid the State of Tennessee \$30,400 for a reciprocal angling license agreement from the revenue source used to collect saltwater fishing license fees for the Virginia Marine Resources Commission (Marine Resources). The Accounting Department should have made this payment from the angling licenses revenue source where they received the funds. This left a negative balance of \$30,331 in the saltwater fishing source, which would incorrectly imply an overpayment of funds to Marine Resources, understating saltwater fishing license revenue and overstating angling license revenues.

These errors occurred and went undetected because the Accounting Department does not have a good understanding of basic accounting principles, does not properly review and approve transactions, and does not have a process to review revenue source balances monthly or at year-end. While errors are an actuality in accounting, accounting knowledge, proper approval, and monthly and year-end reviews of revenue source balances would have discovered these errors. Basic accounting principles dictate that account reconciliation and revenue period matching are instrumental in accurate financial reporting.

Since the errors between the saltwater fishing and angling license revenue sources were in the same fund detail where the monies were received, this does not pose an issue of closing funds at year-end and causing negative balances. The same is true for the errors between the assorted permit and clearing account revenue sources. However, the error made for the bond payment in the miscellaneous revenue source, which dispenses revenue that was not received, understates agency revenue and expenses by \$645,000, and the duplicate payment in the assorted permits revenue source, understates revenue by an additional \$26,944. This leaves a total understatement of revenue of \$671,944 and expenses of \$645,000 in fiscal year 2015.

The Accounting Department should gain a better understanding of basic accounting principles for more accurate recording and approval of transactions. Also, the Accounting Department should formulate a process to review revenue balances by source code and fund to identify errors in recording.

Properly Reconcile and Suspend Amounts in Revenue Clearing Accounts (Repeat)

The Accounting Manager of DGIF does not satisfactorily reconcile amounts in revenue clearing accounts (Revenue Source Codes 2100 and 2190) between the Commonwealth Accounting and Reporting System (CARS) and the Boat Registration and Titling System (BRTS). Also, the Accounting Manager did not suspend the year-end balance in revenue source 2190 as recommended in the prior year's finding.

DGIF's internal license system, BRTS, cannot automatically code license sales to the appropriate revenue sources for various reasons. These sales are recorded in clearing accounts, revenue sources 02100 and 02190. Due to incorrect payment amounts or unverifiable personal information, BRTS "pends" some sales in revenue source 2100 until the correct amount is determined or personal information can be verified, and then transferred to the appropriate revenue source. These amounts may pend for various amounts of time, which may cross into the next fiscal month or fiscal year.

While the Accounting Manager does reconcile monthly balances in the clearing accounts, he does not investigate variances to understand if there are incorrectly recorded amounts, unusually high pended amounts, or timing issues that may play a part in monthly overlap of balances.

Monthly balances for revenue source 2100 in February, March, April, and May 2015, after acknowledgement of pended amounts, suggested that there was more money in the pended

balances than had been received. This could indicate that one of the balances was incorrect. Monthly balances in revenue source 2190 showed incorrect transfers of federal duck stamps revenue totaling \$190,000, but because the Accounting Manager did not analyze the balances, they did not identify the error and make corrections to adjust the payments to the accurate revenue source. Also, as revenue source 2190 does not have pended amounts, the monthly variances have no explanation of what causes the entire variance.

To ensure DGIF could properly account for pended revenue amounts at year-end, the Department of Accounts instructed DGIF to move funds in agency clearing accounts (revenue sources 2100 and 2190) to a suspense account at year-end, and then bring them back to the revenue source at the beginning of the next fiscal year. This would allow for revenues to be received one fiscal year and allocated to the correct revenue source in the next. At fiscal year-end 2015, the Accounting Department correctly closed the balance in revenue source 2100 to the suspense account. However, the Accounting Manager did not close \$12,030 remaining at year-end in revenue source 2190 to the suspense account. Not closing the balance to suspense and then transferring back to the clearing account could potentially lead to a negative year-end balance and understatement of revenue in the clearing account in the next year.

Best practices state that reconciliations should include a documented review of the correct, most updated balances, and investigation of any unidentified variances. Best practices also state that revenue earned in the prior year should be recorded against prior year balances. The recommendation to close the balances to suspense at year-end and then reintroduce them in the next year helps to satisfy this practice.

The Accounting Manager should investigate and correct monthly variances in both revenue sources 2100 and 2190. Also, the Accounting Manager should identify year-end balances in revenue source 2190 and move the balance to the recommended suspense account.

Perform a Physical Inventory at Least Every Two Years (Repeat)

The DGIF Fixed Asset Coordinator has not performed a complete physical inventory of capital assets, specifically equipment valued at over \$34 million, since 2011. DGIF's internal Asset Management Control Policies and Procedures state that a physical inventory of fixed assets is required at least once every year. Furthermore, the Commonwealth Accounting Policies and Procedures (CAPP) Manual requires agencies to conduct a physical inventory of capital assets at least once every two years. Lack of compliance with these policies can result in a misstatement of assets actually held by the agency and increase the risk of undetected lost or stolen assets.

The Fixed Asset Coordinator is responsible for physical inventory at the agency, with assistance from on-site staff. The law divisions completed inventories in March and April of 2014, and the Fixed Asset Coordinator conducted an inventory at headquarters between November 2014 and January 2015 as part of the headquarters relocation. The Fixed Asset Coordinator has completed inventories of some, but not all of the bureaus in Region 1 and Region 3; however, the Fixed Asset Coordinator has not performed inventories in Regions 2 and 4 since 2011. Even though various

bureaus and divisions have completed inventories, at no point during the last two years has a complete inventory been performed. The Fixed Asset Coordinator originally intended to complete the physical inventory by the close of fiscal year 2015; however, the headquarters relocation during fiscal year 2015 and other delays resulted in pushing back the deadline twice, with a current completion date of May 2016.

During this time, management did not ensure that critical inventory counts occurred on schedule. Further, when the Fixed Asset Coordinator conducts inventories, she does not update the Asset Management System (AMS) with the results of the inventory. The Fixed Asset Coordinator only updates the inventory date within the system and is waiting until an entire inventory has been completed to update AMS. This results in AMS being inaccurate, and when inventory counts cross fiscal years, the amounts included for financial reporting of assets are incorrect. Also, except for the policy to perform a physical inventory every year, DGIF does not have a documented inventory procedure for divisions to follow. A documented procedure for performing physical inventory, including procedures for handling discrepancies, may have given guidance to other staff members to help conduct the inventory while the Fixed Assets Coordinator was engaged in other duties.

Although the Fixed Asset Coordinator has created a schedule for conducting a physical inventory for all of the agency's sections and locations, management needs to ensure that the Fixed Asset Coordinator is able to adhere to this schedule so the inventory is timely. Management should consider allocating additional resources when needed to ensure that priorities, such as physical inventory and relocation, occur as intended. In addition, the Fixed Asset Coordinator should update AMS as the counts occur. Finally, the Fixed Asset Coordinator should create and document procedures for performing the inventory.

Improve Procedures for CARS Reconciliation

DGIF did not properly reconcile its internal Comprehensive Financial Information Reporting System (CFIRS) to CARS.

- Two out of three revenue reconciliations did not have complete CARS data. The November 2014 revenue reconciliation used CARS gross revenue instead of net revenue. The June 2015 revenue reconciliation was a preliminary reconciliation; the Accounting Manager stated that a final reconciliation was completed but could not provide it. The CAPP Manual states that balances should be copied directly from CARS reports.
- All of the expense reconciliations reviewed were performed at a fund level even though the CAPP Manual states an agency's internal records must be reconciled to CARS at the agency, fund detail, program, and object level. Not performing reconciliations at a detailed level increases the risk that the Accounting Department will miss errors.

- All of the revenue and expense reconciliations tested did not include evidence that the variances identified were researched or corrected. As a result, CARS and CFIRS may be inaccurate. The CAPP Manual states there should be an itemized listing of the differences between CARS reports and agency records that refer to correcting source document numbers, corresponding batch identification (Batch ID) numbers, and submission dates.

The CAPP Manual states that the agency head holds personal responsibility for the integrity and objectivity of the financial transactions provided to the State Comptroller. Reconciliations for the fiscal months of July through May must be performed, documented, and certified to the Comptroller by the agency's fiscal officer on behalf of the agency head. Also it states that at fiscal year-end, the agency head must certify not only that the systems reconcile, but also that sufficient actions have been taken to ensure that the agency's CARS final close data is complete, correct, and in accordance with all applicable state laws and regulations. While the Accounting Manager reviewed and certified DGIF's reconciliations, the reconciliations were incomplete and did not support the certification that CARS was accurate.

Monthly reconciliation is crucial to ensure accurate and comprehensive financial reporting because it identifies errors and inconsistencies requiring correction by verifying the accuracy of each account. The Accounting Department at DGIF should create procedures for CARS reconciliation that are more in line with the CAPP Manual and also should document corrections for any variances found in the reconciliation before certification to the Comptroller.

Improve Procedures over Construction in Progress

DGIF is not reconciling its internal Construction in Progress (CIP) spreadsheet to the Fixed Asset Accounting and Control System (FAACS) quarterly and does not include in its CIP spreadsheet all of the data elements required by Commonwealth policies. Specifically, within its internal CIP Spreadsheet, DGIF is not including information on the funding source for expenses or the asset category to which completed CIP projects are capitalized. These weaknesses occurred because DGIF does not have adequate, documented policies and procedures over CIP processes, and the Accounting Manager is not providing proper oversight over the CIP tracking, reconciliation, and reporting process. Consequently, DGIF is unable to ensure the accuracy and completeness of reported amounts related to CIP. Specifically, DGIF reported amounts on the Department of Accounts Attachment 14 submission for beginning and ending CIP balances for fiscal year 2015 that were immaterially incorrect, which the Fixed Asset Coordinator or Accounting Manager likely would have discovered had they reconciled and reviewed the CIP spreadsheet to FAACS.

The CAPP Manual requires agencies to maintain detailed records in their agency-based tracking system. At a minimum, these procedures require agencies to track the following data for each invoice within their CIP spreadsheet: Project Number, Project Name, Subproject Name, Date Paid, Fund Code, Cost Code, Vendor Name, a breakdown of the payment showing amounts expensed and capitalized, and if capitalized, the asset category (land, building, equipment, infrastructure or CIP). In addition, for each reclassification from CIP, procedures require that agencies maintain the

following information: amount of decrease in CIP, date of decrease in CIP, and asset category of offsetting increase or offsetting increase charged to expense. Further, Commonwealth procedures require FAACS users to reconcile their internal CIP spreadsheet to the FAACS schedule of changes report at least quarterly.

DGIF should develop and implement written policies and procedures over CIP processes that are in line with the Commonwealth procedures. Procedures should include requirements of information to be maintained within the CIP spreadsheet, as well as detailed information on the reconciliation requirements. Further, the Fixed Asset Coordinator should begin to perform a quarterly reconciliation between DGIF's internal CIP spreadsheet and FAACS and retain sufficient documentation that supports each reconciliation. Finally, the Accounting Manager should provide proper oversight to ensure that DGIF is performing procedures over CIP in accordance with the Commonwealth procedures.

Conduct Thorough Reconciliations Between HR System and myVRS Navigator (Repeat)

DGIF's Human Resources Department (Human Resources) does not adequately review the Contribution Snapshot generated by the Virginia Retirement System's (VRS) *myVRS Navigator* system to ensure that the creditable compensation in the agencies human resource system agrees to the creditable compensation amount in *myVRS Navigator*. Furthermore, Human Resources does not document their Snapshot pre-certification activities; therefore, we could only verbally substantiate that Human Resources was performing a review and correcting any identified exceptions. In addition, Human Resources' documentation of their review of the automated reconciliations performed by Department of Accounts (Accounts) following certification of the Snapshot is insufficient as it lacks information related to when and who completed the reconciliation.

Human Resources lacks an understanding of the reconciliation requirements within *myVRS Navigator*, including how to document reconciliations adequately. In addition, despite the prior year recommendation that DGIF establish procedures to ensure that the Contribution Snapshot processor thoroughly understands the extent to review the Snapshot, appropriately reconciles the creditable compensation in the human resource system to *myVRS Navigator* prior to its certification, and maintains thorough documentation of the review process, Human Resources has not documented procedures over the reconciliation and confirmation processes. In addition, substantial turnover in Human Resources during fiscal year 2015 led to inadequate reconciliation of the data within *myVRS Navigator* to the human resource system.

According to the CAPP Manual, agencies should reconcile the creditable compensation in their human resource system to the creditable compensation amount in *myVRS Navigator* each month before they confirm the Snapshot. In addition, agencies are required to review the automatic reconciliations provided by Accounts following their issuance. These reconciliations are critical to the services provided by VRS for DGIF employees, as insufficient clearance of exceptions identified during the reconciliations may result in errors to members' retirement related data or the agency's improper payment of employee contributions to VRS.

Human Resources should immediately gain an understanding of the reconciliation requirements set forth in the Commonwealth's standards. In addition, Human Resources should develop policies and procedures surrounding the Snapshot certification reconciliation process to ensure that Human Resources can complete adequate reconciliations regardless of turnover within the department. Finally, Human Resources should retain sufficient documentation that supports the *myVRS* Navigator reconciliation and confirmation process. At a minimum, this documentation should include information on who performed the reconciliation, when the reconciliation was performed, exceptions noted during the reconciliation, and evidence of when and how identified exceptions were cleared.

Conduct Adequate Pre and Post Payroll Certification Procedures

DGIF's Finance Department does not adequately document pre certification procedures in accordance with the CAPP Manual. DGIF does not retain evidence on when the procedures were performed, who performed the procedures, exceptions noted, or when and how identified exceptions were cleared. In addition, DGIF is not reviewing the post-certification reports automatically generated by Accounts as required by the CAPP Manual. DGIF lacks an understanding of the pre and post payroll certification requirements, including which activities they are responsible for versus which activities Payroll Service Bureau (PSB) performs. DGIF does not understand how to adequately document reconciliations and reviews. Furthermore, DGIF has not developed policies and procedures surrounding pre and post certification activities.

The CAPP Manual requires that agencies perform pre-certification activities and retain pre-certification packages until audited. Because DGIF has not retained adequate documentation of the pre-certification activities performed, we are unable to verify compliance with CAPP Manual requirements. In addition, Commonwealth procedures requires a post-certification audit, including the review of numerous automatically generated reports. Not performing post-certification activities prevents DGIF from verifying that unauthorized changes were not made to the payroll after certification and before processing, all transactions were processed as intended, and there are no extraordinarily large or small payments to employees. Further, Commonwealth procedures requires agencies have policies and procedures governing pre and post certification activities. The lack of written policies and procedures puts DGIF at risk for inconsistent application or non-performance of adequate pre and post certification activities.

DGIF should immediately gain an understanding of the requirements set forth in the CAPP Manual topics related to pre and post-certification activities. Further, they should review PSB's Business Process Overview document to gain an understanding of which activities PSB performs and which activities DGIF should perform. In addition, DGIF should develop policies and procedures surrounding the pre and post payroll certification activities that include information on creating and retaining auditable documentation to support adherence with Commonwealth procedures. At a minimum, this documentation should include information on who performed the activity, when the activity was performed, exceptions noted during the activities, and evidence of when and how identified exceptions were cleared.

AGENCY HIGHLIGHTS

DGIF manages Virginia's wildlife and inland fish to maintain optimum populations of all species; provides opportunity for all to enjoy wildlife, inland fish, boating, and other outdoor recreations; promotes safety for persons and property in connection with boating, hunting, and fishing; and provides educational outreach programs and materials to foster an awareness of and appreciation for Virginia's fish and wildlife resources, their habitats, and hunting, fishing, and boating opportunities. DGIF also enforces laws for the protection, propagation, and preservation of wildlife and fish; assists in enforcing all forestry and boating laws; and seeks to optimize game and fish populations.

DGIF receives funding from several sources to pay for their programs, including the sale of hunting and fishing licenses, boat registrations, federal grants and contracts, watercraft sales and use taxes, and voluntary taxpayer contributions to non-game wildlife as designated from their state income tax refund. In addition, DGIF indirectly receives General Fund revenue collections from a portion of the sales and use taxes derived from the sales of hunting and fishing products, up to \$8.27 million for fiscal year 2015. DGIF received the maximum amount from these sources in fiscal year 2015.

The table below provides a breakdown of DGIF's revenue and transfers from the General Fund for fiscal year and 2015.

Revenues and General Fund Transfers

	2015
Hunting and Fishing Licenses	\$25,355,218
Federal Grants and Contracts	17,455,380
Net Transfers to the Game Protection Fund from the General Fund	9,970,640
Boat Licenses and Watercraft Titling Fees	3,055,636
Other, including Interest, Timber Sales, Publication Sales, and Donations	3,725,184
Total Revenues and Transfers	\$59,562,058

Source: Commonwealth Accounting and Report System

DGIF also indirectly receives General Fund revenue collections from sales and use taxes on new watercraft sales; the Appropriations Act limited DGIF's share of these taxes to \$1.7 million in fiscal year 2015. Quarterly, the Comptroller transfers the appropriate amount of collections from these taxes to the Game Protection Fund, which the Commonwealth classifies as a Dedicated Special Revenue Fund. The Game and Inland Fisheries Board (Board) manages the Game Protection Fund and uses it to pay salaries, allowances, wages, and expenses incidental to carrying out hunting, trapping, and inland fish laws.

DGIF collects saltwater fishing license revenue for the Virginia Marine Resources Commission (Marine Resources), state forest hunting license revenues for the Department of Forestry (Forestry), and boat trailer registration fees for the Department of Motor Vehicles (Motor Vehicles). In addition, DGIF collects watercraft sales tax revenue for the Department of Taxation (Taxation). DGIF transfers revenues collected on behalf of Marine Resources, Forestry, and Taxation to the applicable agencies in the month following collection. DGIF transferred revenues collected on behalf of Motor Vehicles daily through November 2014, and then monthly thereafter. The table below shows the amounts collected and transferred during fiscal year 2015. The differences in collections and transfers demonstrate DGIF's work to resolve issues raised in their last audit report where they were not transferring revenues accurately or timely. DGIF now holds the collections at fiscal year-end in suspense and transfers during the next fiscal year. DGIF has continued to make definitive improvements in this area.

**Revenues Collected and Transferred on Behalf/To Other Agencies
Fiscal Year 2015**

	Amount Collected on Behalf of Agency	Amount Transferred to Agency
Marine Resources	\$3,016,519	\$(2,481,652)
Taxation	2,452,990	(2,098,240)
Forestry	123,254	(119,639)
Motor Vehicles	173,940	(142,145)

Source: Commonwealth Accounting and Report System

Legal Settlement

DGIF has reached a settlement with a private party regarding the death of an individual who fell from a public fishing structure in 2013. DGIF settled the matter for \$4 million during fiscal year 2016. All of this amount will be paid from the Game Protection Fund. It is not believed that this payment will affect the operations or going concern of DGIF.



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

June 10, 2016

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrock, Sr.
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Department of Game and Inland Fisheries (DGIF)** for the year ended June 30, 2015. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the DGIF's internal controls, test compliance with applicable laws, regulations, contracts, and grant agreements, and review corrective actions of audit findings from prior year reports.

Audit Scope and Methodology

DGIF's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

- Federal grant expenses
- Contractual services expenses
- Payroll expenses
- Small purchase charge card
- Cash receipting
- Capital assets
- Information system security

We performed audit tests to determine whether DGIF's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of DGIF's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that DGIF properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System, except as noted in the finding entitled "Improve Internal Controls over Recording and Reviewing Transactions." DGIF records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted certain matters involving internal control and its operation and compliance with applicable laws, regulations, contracts and grant agreements that require management's attention and corrective action. These matters are described in the section entitled "Audit Findings and Recommendations."

DGIF has not taken adequate corrective action with respect to audit findings reported in the prior year that are repeated in this letter. The repeat findings are described in the section entitled "Audit Findings and Recommendations" in the findings entitled "Improve Internal Controls over Recording and Reviewing Transactions," "Properly Reconcile and Suspend Amounts in Revenue Clearing Accounts," "Perform a Physical Inventory at Least Every Two Years," and "Conduct Thorough Reconciliations Between HR System and myVRS Navigator."

Exit Conference and Report Distribution

We discussed this report with management on June 23, 2016. Management's response to the findings identified in our audit is included in the section titled "Agency Response." We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

DBC/clj



Molly J. Ward
Secretary of Natural Resources

COMMONWEALTH of VIRGINIA
Department of Game and Inland Fisheries

Bob Duncan
Executive Director

June 28, 2016

Martha Mavredes
The Auditor of Public Accounts
P. O. Box 1295
Richmond, Virginia 23218

Dear Ms. Mavredes:

Thank you for affording us the opportunity to review the findings and recommendations made during the Auditor of Public Accounts (APA) audit of our financial transactions for fiscal year ending June 30, 2015.

The Department of Game and Inland Fisheries (DGIF) agrees with the observations and concurs with the recommendations that have been made by APA in this report. We especially agree that DGIF continues to make progress in our corrective actions to fix the issues reported in prior years. We also appreciate that our progress in other areas, even with new issues identified, has been recognized.

As has been noted in correspondence and reporting between our two agencies, staff shortages and competing priorities at DGIF had significant impacts on certain roles and responsibilities during Fiscal Year 2015. That said, DGIF is fortunate to now have a full complement of staffing in these critical areas. In response to APA's new recommendations, DGIF has already restructured and reassigned certain functions and allocated additional resources to other functions to better accommodate all requirements. DGIF also continues to develop and update internal policies and procedures to comply with state guidelines and provide for increased accountability and documentation.

Although a lot of work has gone into making such improvements, DGIF acknowledges that work is still needed to establish an ongoing commitment for more rigorous financial operations in our department. We look forward to working with your staff to promptly address these recommendations as part of our Corrective Action Work Plan. I would like to also thank you for the level of support and professionalism your staff showed during the audit, and look forward to this same type of working relationship in the future.

Sincerely,

A handwritten signature in blue ink that reads "Bob Duncan".

Robert W. Duncan
Executive Director

CC: Bill Boling, Chairman, DGIF Board
DeAnn B. Compton, Audit Director, Capital Asset Management, APA

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(804) 367-1000 (V/TDD) *Equal Opportunity Employment, Programs and Facilities*

DEPARTMENT OF GAME AND INLAND FISHERIES

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Robert W. Duncan